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DEPT FOR EEB/TTP/IPE AND FOR EUR/NB  
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SUBJECT: ESTONIA LOSING KEY INDUSTRY SUPPORT FOR IPR  
PROTECTION

Ref: A) TALLINN 66 B) TALLINN 112

¶1. (U) Action request; please see paragraph 5.

¶2. (U) Summary: Loss of funding from the Motion Picture Association of America (MPAA) and the International Federation of the Phonographic Industry (IFPI) will likely result in the closing of Estonia's only anti-piracy NGO, the Estonian Organization for Copyright Protection (EOCP), which provides invaluable training and educational services for police and other GOE officials. EOCP frequently contributes expert testimony in IPR court cases in Estonia, and acts in place of industries that do not have local representation. The U.S. audio/video industry stands to lose one of its strongest advocates in the region, and may lose market share to increased piracy as well. End Summary.

¶3. (U) The Motion Picture Association of America (MPAA), through its international counterpart the MPA, has announced it will withdraw critical funding for EOCP, one of Estonia's most active NGOs working in the field of Intellectual Property Rights (IPR) education and enforcement. This small but effective NGO, established by the MPA in 1998, represents industry and artists in the fight against piracy and copyright infringement. It is the only anti-piracy organization in Estonia and provides GOE agencies with an especially valuable source of expertise on fighting IPR violations in the digital environment and on the internet. EOCP staff have partnered with Embassy Tallinn to provide training to police, judges and prosecutors in Estonia and throughout the Baltic region, including during several recent seminars in Tallinn sponsored by the local AmCham IPR Committee and the U.S. Patent and Trademark Office (USPTO). (Ref A)

¶4. (SBU) According to Erik Mandre, EOCP's Managing Director, the MPA has decided to give up its membership in EOCP effective May 1, 2007, and therefore will withdraw their funding as of that date. MPA's annual contribution of USD \$36,500 amounts to roughly one-third of EOCP's annual budget, the loss of which Mandre feels will force EOCP to close their doors. Brendan Hudson, Vice President (Anti-Piracy) in MPA's Brussels office, confirmed to Econoff MPA's plan to withdraw

from EOCP. Hudson stated that MPA is "reassessing current practices" and moving toward a more "world-wide" allocation of resources. Only a few months before, the International Federation of the Phonographic Industry (IFPI) also informed EOCP that they had decided to cut an equivalent amount of funding. Thus, in short order, one of Estonia's most active and effective anti-piracy NGOs faces the loss of two-thirds of its annual budget. Contributions from local members provide the remainder of EOCP's budget. Since the domestic industry in Estonia is extremely small, the MPA and the IFPI were the main contributors. The EOCP has reduced its work-force to three employees already, and with the loss of MPA funds, Mandre estimates the organization will probably not survive more than 90 days.

15. (SBU) Since its establishment, the EOCP has developed a successful liaison relationship with police and customs officials, organizing raids, giving expert opinion on seized goods, and arranging training for law-enforcement agencies. EOCP is also instrumental in the fight against Internet piracy - the biggest IPR challenge in Estonia. In 2006, EOCP closed 2,080 Internet sites involved in illegal IPR-infringing activity and removed 29,676 bootleg files from local public file transfer protocol (FTP) servers. The EOCP also belongs to the IPR expert committee of the Ministry of Culture and participates in drafting and lobbying for firmer IPR regimes. As very few IP rights holders maintain local offices in Estonia, EOCP has powers-of-attorney with many industry groups to represent them in court cases where infringement of their rights is alleged. In short, EOCP's activities

have a powerful multiplier effect throughout Estonian society and beyond, through its ability to leverage expertise at many levels of the GOE, and with education for the public at large.

16. (SBU) The EOCP estimates that closing down their anti-piracy operations could result in the loss up to 40 percent of legitimate audio/video sales to the black market. This estimate is based on EOCP data that MPAA and the International Intellectual Property Alliance (IIPA) routinely use in their annual reports.

17. (U) Action Request: Post asks that Washington Agencies engage with MPAA and urge reconsideration of this decision. The issue of copyright, trademark and patent protection is a shared interest for both the USG and private industry. Both U.S. and Estonian law enforcement bodies frequently stress that digital piracy is a growing threat, with the potential to attract organized crime because of relatively low risks and high profit margins associated with it. The work of the EOCP has been instrumental to Estonia's success in protecting IPR. For six years, Estonia is the only Baltic country that has not been included in the USTR Special 301 list. If the EOCP is forced to close because of the withdrawal of MPAA and IFPI support, the U.S. audio/video industry will lose one of its strongest advocates in the region, and may lose market share to increased piracy as well.

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